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*Proposed Counsel to the Debtor and  
Debtor-in-Possession*

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK**

In re:

Allstate Realty USA Corp.,  
Debtor.

Chapter 11

Case No. 16-44219 (CEC)

**DECLARATION OF SANFORD SOLNY PURSUANT TO RULE  
1007-4 OF THE LOCAL RULES FOR THE UNITED STATES  
BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF NEW YORK**

1. I, Sanford Solny, am an officer and equity owner of the above debtor and debtor-in-possession (the “*Debtor*”), a New York Corporation with offices at 5308 13<sup>th</sup> Avenue, Brooklyn, New York 11219. This declaration is submitted by the Debtor pursuant to the Local Rules of this Court, in connection with filing of a Chapter 11 case by the above Debtor.

2. This chapter 11 is the Debtor’s second filing. The first one was commenced in April of 2015 and ultimately dismissed in July of 2015. The first chapter 11 was filed *pro se* and the Debtor did not have the benefit of having counsel represent its interests. As set forth below, the current chapter 11 filing was necessary to thwart a “fire sale” sale process, as the Debtor has significant equity in the property at issue and the chapter 11 will enable the Debtor

to either negotiate a structured payout with the lender pursuant to a plan of reorganization or sell the property in an organized non-fire sale process which will ensure the highest and best value.

3. The Debtor is in the business of owning a certain property located at 436 New Lots Avenue, Brooklyn, New York 11419 (the “*Property*”). The Property contains one retail location – a tire shop and two residential units. The retail portion was vacant for over two years until the Debtor leased it to the tire shop on or around August 1, 2016 (first rental payment due November 1, 2016). Beginning November 1, 2016, the tenant payment for the retail location is \$2,000 per month. The rent for the residential units yield the Debtor approximately \$2,475 per month. For one of the residential units, there is approximately \$11,850 in arrears; the other is \$2,605 in arrears.

4. The Property was purchased by the Debtor in or around May of 2013. The Property is the subject of a foreclosure action pending in the Kings County Supreme Court titled *Eastern Savings Bank, FSB v. Jennie Brown, et. al.* under Index No. 10716/2012. where a judgment was entered. The auction and sale of the Property was stayed by the Chapter 11 filing.

5. Currently the lender asserts that there is approximately \$385,000 owing to it on account of the Property. The Debtor has significant equity in the Property and estimates the building to be above \$750,000 in value. disagrees with that amount. During the course of this chapter 11, the Debtor intends, among other things, work with the lender to propose a payment structure mutually acceptable to the Debtor and lender, or in the alternative, sell the Property

pursuant to a plan or 363 sale process.

6. There is no unsecured creditors' committee or other committee of creditors.
7. The Debtor expects rental receipts of approximately \$2,475 in the next 30 days (provided the residential tenants pay the rent). The Debtor expects to pay approximately \$1,500 in expenses on account of the Property during the next 30 days – none of which is on account of salary.
8. Except for the management company (A to Z Management Co), no property is within the possession of any party other than the Debtor.
9. The Debtor's books and records are maintained by the Debtor with the assistance of the management company.
10. The Debtor's principal management is identified above.
11. The Debtor believes that it will be able to propose a viable and confirmable Plan of Reorganization, whether through a structured payout to the lender or 363 or plan sale process.

Dated: October 16, 2016

**Allstate Realty USA Corp.**  
*Chapter 11 Debtor and Debtor-in-Possession*

By: /s/ Sanford Solny  
Name: Sanford Solny